REMARKS

The Examiner has rejected claims 1-23 and 25-33 under 35 U.S.C. 103(a) as being unpatentable over Basch et al. (U.S. Patent No. 6,119,103) in view of Irving et al. (Patent No. 5,991,743). Applicant respectfully traverses the Examiner's rejection.

a. 35 U.S.C. 103(a)

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The Applicant has narrowed the scope of currently pending claim 1 to more clearly indicate a basic tenet of the present invention which teaches methods for managing regulatory risk that a bank or other financial institution faces if it conducts business with a particular person that is a transaction participant. Contrary to prior art systems that provide indication of whether a transaction participant has committed fraud or is a financial risk, the present invention provides an indication of whether the financial institution has a high risk of violating a government regulation by completing a transaction. The indication of whether the bank will face a high risk of violating a government regulation is based upon aggregated data that quantify facts relevant to such a risk determination. Neither Basch nor Irving describe or suggest managing the risk that the financial institution will violate a government regulation by moving forward with a transaction. In addition, neither Basch nor Irving describe or suggest transmitting the actual data that supports such an indication to the financial institution. Claims 2-28 depend from claim 1 and accordingly contain all of the limitations of claim 1 in addition to unique limitation associated with each respective claim. Therefore the Applicant respectfully requests allowance of claims 1- 28.

The Applicant again states for the record, that in order for the Examiner to meet his burden of establishing a case of obviousness, the Examiner must meet three basic criteria. First, there must be some suggestion or motivation, either in the references themselves, or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine the references' teachings; secondly, there must be a reasonable expectation of success; and thirdly, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art and not based on the applicant's disclosure. MPEP 706.02(j), citing In re Vaeck, 947 F.2d 488, 20 U.S.P.Q.2d

1438 (Fed. Cir. 1991). Further, a *prima facie* case of obviousness requires that all the claim limitations must be taught or suggested by the prior art. In re Royka, 490 F.2d 981, 180 U.S.P.Q. 580 (C.C.P.A. 1974). The prior art does not meet these burdens.

Basch is specifically directed to, and the description focused on, a system and method for predicting and assessing only the financial risk that may be associated with a financial transaction of an already existing account holder, or with a first issued account. The Basch system and method require that at least one first credit account issues to an account holder by a credit account issuer. The risk is calculated by monitoring the transactions made by the account holder in one or multiple accounts held with one or multiple account issuers. A score is then formulated for an account, and when such account score goes below a predefined financial risk threshold.

Basch does not address regulatory risk as claimed in the present invention. Basch additionally fails to describe or suggest gathering data comprising government issued information relevent to regulation of a manufactured product and aggregating in the computer storage. Basch also does not describe or suggest arranging the data according to risk variables that include a recall of the product and a product safety warning. Combining Basch with Irving does not help the Examiner meet his statutory burden.

Irving also does not describe or suggest the claimed invention. Irving is directed to financial risk associated with financial services customers. In particular, Irving describes a system to monitor the financial circumstances of financial service clients after the date that a credit decision has been made by proactively monitoring a plurality of risk factors associated with a particular client. Nothing in Irving describes or suggests a method for managing regulatory risk that a financial institution may face.

Even if the cited references did describe each of the limitations of the claimed invention (which, as indicated above, they do not) the Examiner has not given a compelling reason to combine these disparate references. The Federal Circuit has held that it is inappropriate to rely solely on 'common sense' or 'basic knowledge' in the art as the principal evidentiary basis for a rejection, without evidentiary support in the record. MPEP § 2144.03(B) (*citing* In re Zurko, 258 F.3d 1379, 1386 (Fed. Cir. 2002) ("holding that general conclusions concerning what is 'basic knowledge' or 'common sense' to one of ordinary skill in the art without specific factual findings and some concrete evidence in the record to support these findings will not support an obviousness rejection.")). Thus, the Examiner's obviousness rejection cannot stand based on his statement regarding what is "well known in the art."

Applicant respectfully submits that the presently claimed invention complies with all aspects of 35 U.S.C. 103(a) and the Applicant respectfully allowance of all pending claims.

CONCLUSION

For the reasons set forth above, allowance of this application is courteously urged. If there remains any question regarding the present application, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is cordially requested to contact the undersigned at (212) 878-8476 in order for the undersigned to arrange for an interview with the Examiner.

Please charge any fees due in connection with this Amendment to Deposit Account No. 50-0521.

Respectfully submitted,

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